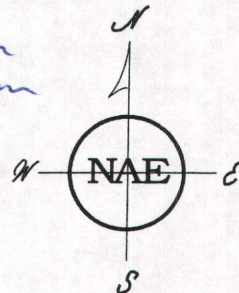


NORTH AMERICAN EXPLORATION, INC.

MINERAL EXPLORATION SERVICES

M/01/0027

Tom
Susan



December 20, 2007

Mr. Tim L. Mosey
Basin Perlite Company
% Resource Capital Fund
1400 16th Street, Suite 200
Denver, CO 80202

Dear Tim,

Here is the report on the reclamation of the Pearl Queen Pit. We are also sending a copy to Mr. to Munson of the Utah Division of Oil, Gas and Mining, and Mr. Dick Rollins, who did the work.

Thank you for the work. The seeds are all under snow now. We hope for a wet winter and good growing season so we can see those seeds grow!

Best regards,

O. Jay Gatten by Tom
O. Jay Gatten

OJG/tmg

Encls.

Cc: Correspondence (no encls)
Project (w/encls)
Tom Munson – DOGM (w/encls)
Dick Rollins – Rollins Construction (w/encls)

0006

RECEIVED

DEC 21 2007

DIV. OF OIL, GAS & MINING

PEARL QUEEN PERLITE PIT
RECLAMATION STATUS

PREPARED FOR:

MR. TIM L. MOSEY
BASIN PERLITE COMPANY
C/O RESOURCE CAPITAL FUND
1400 16TH STREET, SUITE 200
DENVER, CO 80202
720/946-1444

PREPARED BY:

O. JAY GATTEN
AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGIST #4584
UTAH PROFESSIONAL GEOLOGIST #5222768-2250

NORTH AMERICAN EXPLORATION, INC.
447 NORTH 300 WEST, SUITE 3
KAYSVILLE, UTAH 84037
801/544-3421

DECEMBER 12, 2007

1. INTRODUCTION

Basin Perlite Company, a wholly owned subsidiary of Resource Capital Fund, operated an open-pit perlite mine under Utah Division of Oil, Gas and Mining (DOGM) Large Mine Permit M/001/027. The pit is located in the SE quarter of section 2, T27S-R9W, SLBM, about 12 miles northeasterly of Milford, Utah. This land is owned by the state and was mined under Metalliferous Lease ML 3092.

The Large Mine Permit covers the following areas (Exhibit A).

<u>Area</u>	<u>Acreage</u>
1. Pearl Queen Pit	20.55
2. Schoo Pit	12.10
3. Haul Road	<u>1.20</u>
TOTAL	33.85

This report relates only to work done on the Pearl Queen Pit. Work was done by Rollin's Construction Company (Dick Rollins), Box 249, 1842 South Highway 21, Milford, Utah 84751, 435/387-2175. The work was managed by O. Jay Gatten of North American Exploration, Inc., 447 North 300 West, Suite 3, Kaysville, Utah 84037, 801/544-3421. Work was authorized by Tim Mosey of Resource Capital Fund, 1400 16th Street, Suite 200, Denver Colorado 80202, 720/946-1444.

2. SITE PREPARATION- 2006

Work was done during a period of unusually dry and mild winter weather and there was no snow cover. The area was graded and contoured to less than 2.0:1 (horizontal: vertical) slopes. In this process almost all of the existing weed cover was removed. A portion of a waste disposal area north of the pit and the access road were not reclaimed at that time. The road was left intact until it is determined that seeding in the pit is successful. The road and the remainder of the waste disposal area will then be reclaimed.

A variance has been granted in that the reclaimed slope in the waste disposal area can be 60 degrees or less, which conforms to the adjoining steep hillsides.

This work was done with a D-8 dozer and a track hoe between the period of January 9 to January 14, 2006. The site was inspected by Tom Munson of the DOGM on January 12, 2006. He verbally approved the slopes but requested that the ground be furrowed and "roughed up" prior to seeding. The area reclaimed was about 10.2 acres in size (Exhibit B).

3. **SEED BED PREPARATION- 2006**

This consisted of three phases of work.

3.1 Topsoil Redistribution

Topsoil from existing stockpiles was redistributed over the 10.2 acres of land that have been disturbed. This work was done with a dozer and there was generally less than 6 inches of topsoil on the graded surface.

3.2 Perlite Rubble Amendment

The perlite rubble was amended using the DOGM recommended amount of at least 5 tons of composted manure per acre. A total of about 70 tons of manure were hauled by truck and then spread with a dozer. Soil and amended perlite overburden was spread over the 10.2 acre area to the depth of about 12 inches (Exhibit B).

3.3 Seed Bed Preparation

The ground was furrowed and "roughed up" in preparation for seeding. The dozer ripped parallel to the contour to a depth of 2 to 3 feet. In addition a track hoe was brought in and used to prepare the steeper southwest part of the pit. The result was a base of at least 2 feet of broken

perlite overburden for the soil and amended perlite rubble. Piles of grubbed vegetation were moved on to furrowed land and then the land that had been beneath the piles was furrowed. This work was done between January 16 to January 18, 2006.

4. SEEDING- 2006

4.1 Seed Mix

Seeding was accomplished using the mix recommended by the DOGM (Exhibit C). This is a total of 11.5 pounds of seed per acre. In addition the DOGM recommended that an additional 50% of the seed mix be used (17.25 pounds per acre). This was done and a total of 200 pounds of seed was purchased (Exhibit D) and planted. This seed mix was based on a soil analysis (Exhibit E).

4.2 Seeding

Seeds were planted with a "4-wheeler" ATV and a planter in the flatter areas. Seeds were broadcast planted by hand on the steeper slopes. There was about 4 inches of snow on the property and it had drifted, resulting in snow cover from 0 to 18 inches. Seeding was done on January 20, 2006.

5. SEEDING RESULTS

The planting in early 2006 was followed by two extremely dry years and the approved seeds did not germinate and grow. Extremely dry conditions resulted in extensive range and brush land fires during the summer of 2007, which burned off almost all of the Mineral Range. This fire burned all around the pit, but not within the pit itself. Tom Munson of the Utah Division of Oil, Gas & Mining visited the site and determined that the planting was unsuccessful.

6.0 SEED BED PREPARATION

- 6.1 Follow up work was done by Rollin's Construction Company, the same company that had done the initial reclamation work in early 2006. The work was done with a D-8 dozer between December 3 and December 6, 2007.
- 6.2 The dozer ripped parallel to the contour to a depth of 2 to 3 feet. The result was at least 2 feet of broken perlite overburden mixed with soil and amended perlite rubble. Piles of grubbed vegetation (primarily juniper trees) were redistributed on the furrowed ground.

7.0 SEEDING

7.1 Seed Mix

Seeding was done using the mix recommended by the DOGM (Exhibit C). Required application was at least 11.5 pounds of seed per acre and the DOGM recommended that an additional 50% of the seed mix be used (17.25 pounds per acre). A total of 200 pounds of seed was purchased for the 10.2 acres of land to be seeded.

7.2 Seeding

Seeds were broadcast behind the dozer that was ripping the ground to prepare for seeding. Prior to planting, a storm had just laid down about 3 inches of moisture and about 1 to 2 inches of snow was on the ground. The planting was done from December 3 to 6, 2007. Immediately after the seeding, another storm occurred which put down several inches of snow in the reclamation area. Tom Munson, of the Utah DOGM, was telephoned before and after this reclamation work but he did not physically inspect the site during this work.

8. CERTIFICATION

I, O. Jay Gatten, certify that the above reclamation work was done to the best of my knowledge. I further state that the work was done according to the reclamation practices specified in Utah Large Mine Permit M/001/027. I have no ownership and do not contemplate any ownership, in Resource Capital Fund or Rollins Construction Company.

A handwritten signature in black ink, appearing to read "O. Jay Gatten", is written over a horizontal line.

O. Jay Gatten

Certified Professional Geologist #4584

Utah Professional Geologist #5222768-2250

BASIN PERLITE COMPANY
 SURFACE FACILITIES MAP
 PEARL QUEEN MINE
 PERMIT M/001/027
 BEAVER COUNTY, UTAH
 T27S-R9W

DECEMBER 2002
 SCALE 1" = 400'

EXHIBIT A

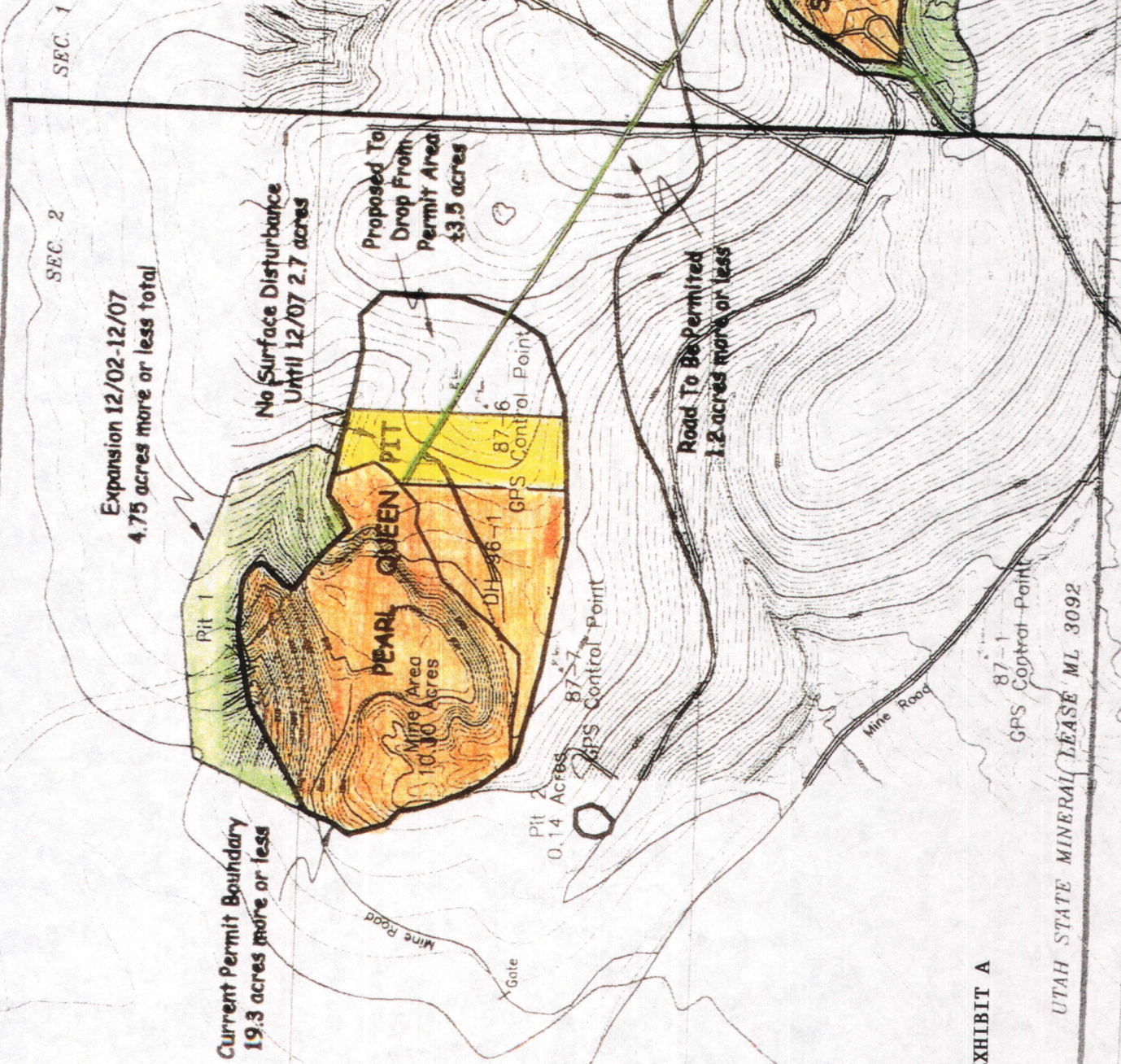


EXHIBIT A

UTAH STATE MINERAL LEASE ML 3092

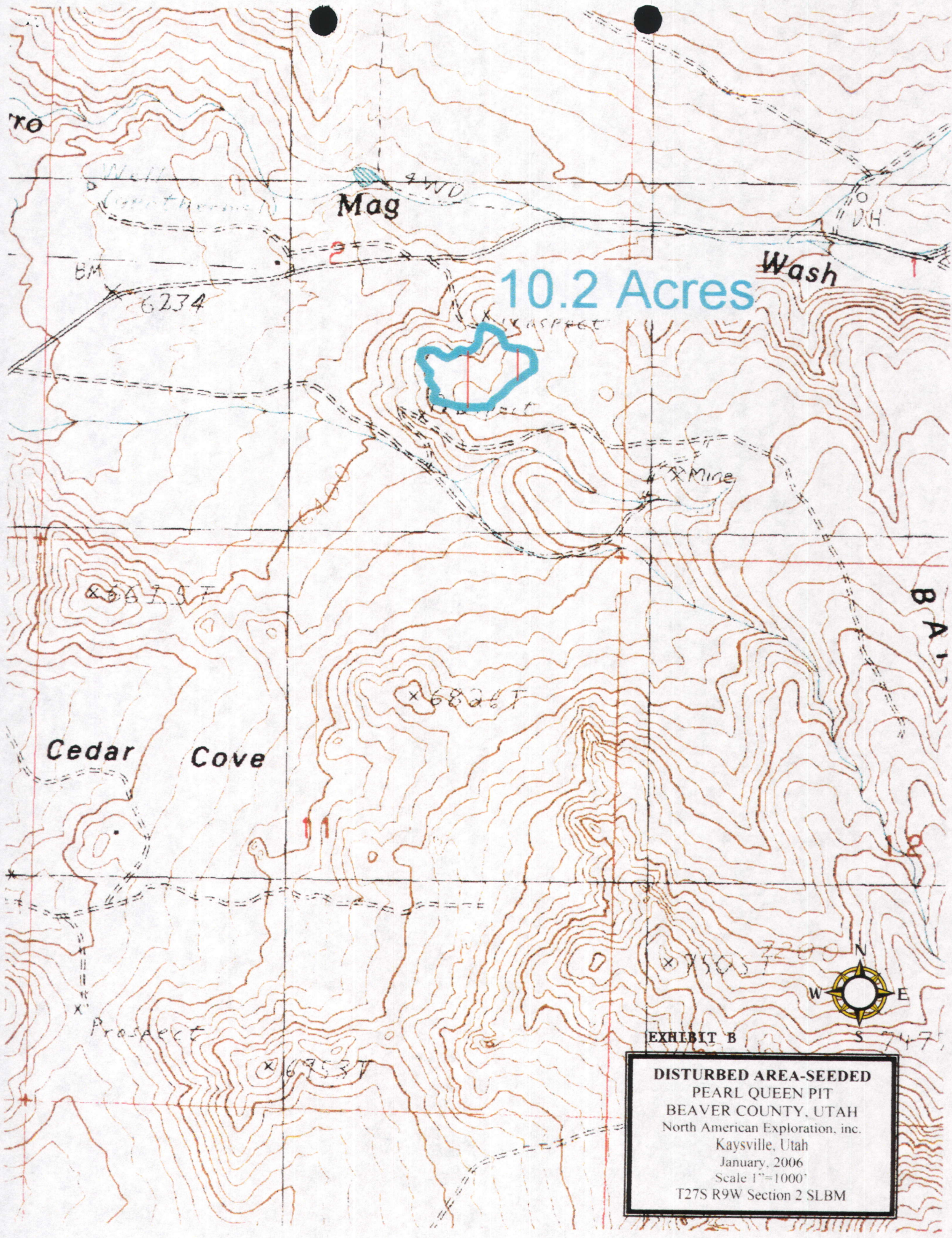


EXHIBIT B

DISTURBED AREA-SEEDED
PEARL QUEEN PIT
BEAVER COUNTY, UTAH
North American Exploration, inc.
Kaysville, Utah
January, 2006
Scale 1"=1000'
T27S R9W Section 2 SLBM

APPROVED

MAY 28 2003

DIV. OIL GAS & MINING

Recommended seed mix for Basin Perlite

M/001/027

Prepared by Oil, Gas and Mining February 24, 2002

Species	Pounds Pure Live Seed/Acre
Bluebunch Wheatgrass	2
Sandberg Bluegrass	0.5
Indian Ricegrass	2
Thickspike Wheatgrass	1
Palmer Penstemon	0.25
Small Burnet	1
Northern Sweetvetch	0.5
Wyoming Big Sage	0.25
Fourwing Saltbush	1
Cliffrose	1
Bitterbrush	1
Curlleaf Mountain Mahogany	1
TOTAL	11.5

use + 50% of recommended seeds
per acre (section 110.4 - first 7P)



THE MAPLE LEAF CO.
SEED DIVISION

450 South 50 East
Ephraim, UT 84627

Invoice

Date	Invoice #
12/5/2007	20671

Bill To
Rollins Construction & Trucking 1842 South Highway 21 P.O. Box 249 Milford, Utah 84751

Ship To
435.387.2202

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project	Reference
Dick			12/5/2007				
Qty	Description	Lot #	Price Each	Amount			
200	Custom Seed Mix, Mix for BLM		11.75	2,350.00			
1	Shipping Charges, Common Carrier - Old Dominion freight		78.00	78.00			
	Sales Tax		6.25%	146.88			

Discounts on early payment terms do not apply to shipping charges.

EXHIBIT D

APPROVED

MAY 28 2003

DIV. OIL GAS & MINING

REPORT OF ANALYSIS

North American Exploration
Attn: Danny Gatten
472 North Main
Kaysville, Utah 84037

August 20, 1996
Project# 96-499

1 sample for Miscellaneous analysis

ANALYTE	UNITS	Sample #1 Lab # 55306
Texture	----	sandy
pH	----	7.97*
Conductivity	μmhos/cm	1360*
SAR	----	0.200
Saturation %	%	1.30
Percent Organic Matter	%	2.20
Alkalinity	μg HCO ₃ /ml	691*
Cation Exchange Capacity	meq/100g	19.3
CaCO ₃	%	2.36
Sulfur (Acid Potential)	%	0.03
Selenium	ppm	< 10
Total Nitrogen	%	0.27
Nitrate Nitrogen	%	< 0.04
Phosphorus (as P ₂ O ₅)	%	0.19
Potassium (as K ₂ O)	%	1.03

* - from saturated extract



Kyle Schick, General Manager

EXHIBIT E

Rollins Construction & Trucking

P.O. Box 40 or 249
1842 South Highway 21
Milford, UT 84751
USA

Voice: 435-387-2451 or 2175

Fax: 435-387-2452

INVOICE

Invoice Number: 13759

Invoice Date: Dec 12, 2007

Page: 1

Duplicate

Bill To:

North American Exploration, INC
447 North 300 West, Suite 3
Kaysville, UT 84037-4203

Ship to:

Customer ID	Customer PO	Payment Terms	
nor04		Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
			1/11/08

Quantity	Item	Description	Unit Price	Amount
1.00		Reseed @ Basin Perlite North Pit	7,400.00	7,400.00
Subtotal				7,400.00
Sales Tax				
Total Invoice Amount				7,400.00
Payment/Credit Applied				
TOTAL				7,400.00

Check/Credit Memo No:

Interest will be charged on all invoices over 30 days at 26.99% annual

Peril Queen Pit Re-seeding Photo's

